

**Audit Report
Volcan Incident
Emergency Fund**



**Prepared by:
CAL FIRE Office of Program Accountability**

May 2009

Preface

The California Department of Forestry and Fire Protection (CAL FIRE) Office of Program Accountability (OPA) normally performs an annual review of the largest fires during the previous calendar year. In 2006, OPA performed a review of the Volcan Incident, which occurred during the 2005 fire season in the San Diego Unit (MVU).

OPA evaluated MVU's compliance with CAL FIRE policies and procedures. During this audit OPA staff reviewed controls over expenditures, hired equipment, and labor. Staff also reviewed the following activity support functions: purchases, grocery and restaurant food, lodging, and other expenditures.

We appreciate the cooperation extended by MVU staff, and we thank them for their patience and for answering our requests for documentation.

This report communicates the results of our review.

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Auditor's Report

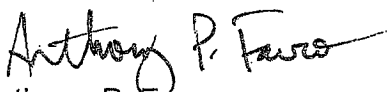
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The Office of Program Accountability (OPA) has completed its operational audit of the Volcan Fire for the California Department of Forestry and Fire Protection (CAL FIRE). Our review was conducted in accordance with The Professional Practices Framework issued by the Institute of Internal Auditors, and we relied on State Government Code, the State Administrative Manual (SAM), as well as CAL FIRE's general policies and procedures governing incident management that are contained in the Incident Fiscal Management Handbook (3800). We also referred to policies and procedures contained in the Material Management Handbook (2700), the CAL FIRE-CDC Camp Operations Handbook (6400), and the Command and Control Handbook (8100).

OPA staff performed this review to ensure that the aforementioned CAL FIRE policies and procedures were followed during the incident and that State assets were utilized in a manner consistent with State and CAL FIRE laws, rules, and regulations. To complete this audit, we reviewed the Cost Package at the San Diego Unit and examined documentation on file in the CAL FIRE Departmental Accounting Office (DAO).

Our review has indicated instances of non-compliance with CAL FIRE and State policy, as well as reportable weaknesses in internal control over incident finances. These issues are described in detail in the Findings and Recommendations section of this report.

This report is intended for the information of the CAL FIRE Director, CAL FIRE management, and its designees.


Anthony P. Favro
Chief of Program Accountability

May 12, 2009

Findings and Recommendations

FINDING 1- Hired Equipment Payment Error Issues

- ***Tent and canopy invoice number 3CUI5C304 was overpaid.*** The vendor was paid \$2,400.00 for canopies and sidewalls on September 6, 2005, the vendor's first day of work, an overpayment of \$1,200.00. This is a full day payment. However, the vendor should have been paid a half-day rate, since the vendor worked less than half a day. The shift ticket states that the vendor worked the hours of 1830 to 2400, 5.5 hours, which qualifies for a half-day rate.
- ***Invoice number 3CUI5C251 was overpaid by \$0.01 due to an apparent math error.*** This error indicates that the document was not subjected to a mathematical review before it was paid. Automated documents are not always correct because the mathematical formulas can be overridden.
- ***Invoice number 3UI5C303 was overpaid by \$420.00 due to mathematical or counting errors.*** This error indicates that the document was not subjected to a mathematical review before it was paid. Automated documents are not always correct because the mathematical formulas can be overridden.
- ***Invoice number 3UI5C305 was overpaid by a total of \$1,273.00 due to mathematical or counting errors and payment of a full-day rate for a half-day worked.***
 - The invoice was overpaid \$770.00 due to mathematical or counting errors. This error indicates that the document was not subjected to a mathematical review before it was paid. Automated documents are not always correct because the mathematical formulas can be overridden.
 - This vendor was also paid a full day rate on September 6, 2005, the vendor's first day of work. This vendor worked less than a half day, and should have been paid a half-day rate. The shift ticket states that the vendor worked the hours of 1830 to 2400, 5.5 hours, which qualifies for a half-day rate. The half-day error amounts to \$503.00.
- ***Duplicate payment occurred, resulting in an overpayment of \$9,190.00.*** One invoice was paid during the incident by the Finance Team on September 15, 2005. After the incident concluded, the Incident Unit paid the same vendor again, using a different vendor name. With the exception of the vendor name, the second invoice was identical to the first. The Unit paid the second invoice on October 12, 2005.

Program Accountability first notified the Unit of this duplicate payment on June 21, 2006. This error was corrected on November 6, 2006 by the vendor repaying CAL FIRE \$9,190.00.

(DAO should review past payment from this company using both company names to determine whether there are any other duplicate payments to this company.)

Criteria:

Government Code Section 13401(a)(1) states: "Fraud and errors in state programs are more likely to occur from a lack of effective systems of internal accounting and administrative control."

Government Code Section 13401(b)(1) states: "Each state agency must maintain effective systems of internal accounting and administrative control."

Government Code Section 13401(b)(2) states: "The systems of internal accounting and administrative control of each state agency shall be evaluated on an ongoing basis and, when detected, weaknesses must be promptly corrected."

Government Code Section 13402 states: "State agency heads are responsible for the establishment and maintenance of a system of systems of internal accounting and administrative control..."

Effect:

Overpayment to these vendors totaled \$12,083.00. Of that amount, \$9,190.00 related to the duplicate payment was recovered. The remaining \$2,893.00 was improperly paid and was not recovered.

Recommendations:

- CAL FIRE should consider training for those individuals involved with overpayments. Training should include individuals working in the Hired Equipment invoice preparation and the Payment Processing Technical Specialist.
- A review or a more thorough review of invoices should take place before invoices are paid.
- Any amounts overpaid should be collected.

Responsible parties that should respond: Incident Unit and Incident Team

San Diego Unit Response:

The Unit did not respond to this issue.

Incident Team Response:

The Incident Team did not respond to this issue.

FINDING 2 – Contract Labor Invoice Errors and Omission Issues

La Cima Conservation Camp Invoice - Invoice Amount: \$91,892.29

- The Request Number states "I/A", indicating Initial Attack. This resource was not Initial Attack, and was utilized for 13 days.
- State Vehicle Miles are not supported accurately by FC-33As.
- State vehicle miles recorded in supporting documentation do not total the amount on the invoice.

California Conservation Corps Invoice - Invoice Amount: \$84,802.81

- The supporting documentation does not agree with Invoice/Summary. Two FC77As do not total correctly to the amount on the Invoice/Summary. The two FC-77As total \$70,861.90. The invoice totals \$84,802.81.
- There were duplicate supporting documents with this package.

Puerta La Cruz Invoice - Invoice Amount: \$70,484.60

- There was no Request Number noted on the FC-77. Request numbers are required to indicate that the resource was requested for this incident.

Oak Glen Conservation Camp - Invoice Amount: \$64,836.35

- There was insufficient supporting documentation for payment of this invoice.
- Total Overtime hours on FC-33Cs do not total correctly to hours on invoice
- Total of miles on invoice does not correspond to total of miles noted on FC-33As.

CAL FIRE Review:

Invoices were prepared by individuals in contracted agencies who were not held accountable for the accuracy of the invoice.

There is no evidence that CAL FIRE (DAO and/or Camp Division Chief) adequately reviewed these invoices before they were paid. If the invoices were reviewed, there is no documentation of the review or what was reviewed.

Criteria:

CAL FIRE Command and Control Handbook Section 8143, Request Numbers, states: "Each individual request will be assigned a request number. The request number will be an alpha designator followed by a consecutive number." (The alpha

prefix will be as follows: A - Aircraft; C - Crews, E - Equipment, O - Overhead, S - Supply.)

CAL FIRE Incident Fiscal Management Handbook Section 3831.2.3, Order and Request Numbers are Required, states that "All units and personnel will receive a specific order and request number for the incident, which must be entered on the FC-33."

CAL FIRE Incident Fiscal Management Handbook Section 3863.1.3, Processing Requirements, states:

"The third copy of the FC-77 will be forwarded to the CAL FIRE Unit responsible for the FC-40 billing package.

Attach:

- amended copies of the FC-33 for the Fire Captain.
- the original FC-33A for the crew.
- the original FC-33C for cooperating agency staff time."

CAL FIRE-CDC Camp Operations Handbook Section 6494.1, FC-77 Description, Preparation, and Submission, identifies the (CDC) Camp Commander and (CDF) Division Chief as the individuals responsible for the accuracy of FC-77s.

Effect:

Payments were either not supported or insufficiently supported, which resulted in questionable payments.

Recommendations:

- CAL FIRE should reject invoices that are poorly, inadequately, or inaccurately prepared. Since these invoices are likely to have errors or omissions, CAL FIRE should review these invoices methodically to ensure they are properly supported and are accurate.
- The review(s) should be accurately and completely documented, including what was reviewed, and who reviewed it.
- DAO should address the issue of reviewing invoices and explain its methodology for reviewing invoices for payment

Responsible parties that should respond: San Diego Unit and DAO

San Diego Unit Response:

The Unit did not respond to this issue.

DAO Management Response:

DAO staff in Accounts Payable are trained regularly on the necessary items that should be included in a valid invoice before it is schedule for payment. In many cases, the information is already on file as specific vendors repeat dozens of invoices for repeat services. This is required already due to tax reporting requirements built into CALSTARs and FAME before a schedule can be approved and moved forward.

Furthermore, staff that were involved in handling these specific claims have left the Department and no longer work for CAL FIRE. Replacement staff have been trained to follow invoice-checking procedures.

FINDING 3 – Separation of Duties / Improper Duties Issue

The Accounts Receivable section is reviewing and processing Contract Labor invoices for payment. Contract Labor payments, FMAG, and Cost Share became connected at some point because there was commonality. However, a conflict of interest results in having the Accounts Receivable section review and prepare invoices for payment.

Criteria:

State Administrative Manual (SAM) Section 8080, Separation of Duties, states:

The Financial Integrity and State Manager's Accountability Act of 1983 (Government Code Sections 13400-13407) requires that the head of each State agency establish and maintain an adequate system of internal control within their agencies. A key element in a system of internal control is separation of duties.

SAM Section 8080 further provides the appropriate level of separation of duties for agencies with manual accounting processes. Specifically: "Employees of units other than the accounting unit should be used, when necessary, to provide separation of duties."

SAM Section 8080 also recommends that a person should not perform both of the following duties:

- Receiving and depositing remittances (duties of Accounts Receivable Unit), and
- Initiating, or preparing invoices.

CAL FIRE Incident Fiscal Management Handbook Section 3842.6, Separation of Duties, states:

Separation of duties... is **not** a waived requirement at an incident. The Procurement Unit is responsible for determining whether documents that have originated in other units and are passing through the procurement unit for payment have been signed in conformance with "separation of duties" requirements. In addition, there are signature processes within the Procurement Unit that require a separation of duties.

Effect:

A conflict of interest results in having the Accounts Receivable section review and prepare invoices for payment.

Recommendations:

- CAL FIRE should have the Accounts Payable section review and prepare invoice for payment.
- Since these invoices are likely to have errors or omissions, CAL FIRE should review these invoices methodically to ensure they are properly supported and are accurate. The review should be documented, including what was reviewed, and who reviewed it.

Responsible party that should respond: DAO

DAO Management Response:

The personnel assigned to handling invoices for forced labor, most specifically invoices from the Department of Military and the Department of Corrections for inmate crew service on fires, are separate personnel from those than handle Schedule A, grants, Amador contracts, and FMAG receivables. And, once the packages are prepared, they still go through Accounts Payable for scheduling and payment. So, a separation of duties does exist which was not noted in the report findings.

Additionally, this function is intricately linked with Department cost recovery, since many of the invoices received by the Department for hired labor are then included in the Department's invoices to the federal government for reimbursement of State costs on federal fires. Thus, while one sub-unit within Accounts Receivable collects the invoices and prepares them for processing through Accounts Payable, a second sub-unit coordinates and includes the then-prepared material for inclusion in invoices to the federal government.

It is not possible to create a separate, additional unit within the Accounts Payable section because the Department does not have sufficient staff to take on such a role. Although the Department has submitted various budget proposals for additional accounting staff in payables and receivables, these proposals have been denied in the budget process. Therefore the report's recommendation is not a practical, feasible solution that can be implemented.

FINDING 4 – Pick-Up Labor FC-42 Error and Omission Issues

Pick-Up laborers are paid via a FC-42 pay/time sheet.

- Three FC-42s could not be located at the Incident Unit in the incident documentation package.
- Five FC-42s did not document request number, nor did they document job duties. In addition, one FC-42 did not document the correct request number.
- Three FC-42s did not have written authorization for shifts in excess of 16 hours.

There were two individuals who were responsible for the errors and omissions.

Criteria:

Good business practices and common sense dictate that documents be complete and accurate. **CAL FIRE Incident Fiscal Management Handbook section 3821.6, Field Audit Requirements for use of the Emergency Fund**, states:

Unit Chiefs and Region Chiefs are responsible for auditing the use of the Emergency Fund to ensure that expenditures are being made within these policy guidelines. The department auditor is available to provide guidance and assistance.

(Auditor comments: All relevant documents must be at the Unit to facilitate the audit.)

CAL FIRE Incident Fiscal Management Handbook Section 3836.4.1, Order and Request Numbers are Required, states: "Every emergency worker must have an order and request number which is entered on the FC-42."

Section 3836.5.1 of the same handbook states:

Work shifts **exceeding 16 hours in an operational period** for emergency workers involved in support functions **are unacceptable** except in unusual circumstances which must be clearly justified in writing by the CAL FIRE supervisor responsible for the emergency workers.

Effect:

Some pick-up laborers may have been incorrectly paid.

Recommendation:

- CAL FIRE Management and the San Diego Unit should ensure that all CAL FIRE employees involved with these errors and omissions receive proper training.

Responsible party that should respond: San Diego Unit

San Diego Unit Response:

The Unit did not respond to this issue.

FINDING 5 – Documentation and Expensing of Bulk Food Purchases

Of the 14 bulk food documents reviewed:

- One document had addition or totaling errors.
- Four documents were improperly expensed to PCA 00900, rather than 00907, which is the PCA for Move Up and Cover.

Criteria:

Government Code Section 13402 states:

State agency heads are responsible for the establishment and maintenance of a system of systems of internal accounting and administrative control... assuring that the system is functions as prescribed...

CAL FIRE Incident Fiscal Management Handbook Section 3821.7, Expenditure Authorization, states: "All employees will be accountable for following the guidelines listed under Section 3821.8 (Conditions for Use), and Section 3821.9 (Proper Expenditures).

Section 3821.7 further states that "each person authorizing Emergency Fund expenditures is personally responsible for the appropriateness of such expenditures..."

Section 3821.8 lists "Condition for Use" and **Section 3821.9** lists "Proper Expenditures," which include, but are not limited to, the purchase of subsistence items, restaurant meals, motels and incidental per diem for personnel during the suppression other related support activities.

For specific instructions on the coding of expenditures, **Section 3821.10** refers to **CAL FIRE Personnel Handbook, Section 1050**, and **CAL FIRE Accounting Handbook, Section 3672**.

Effect:

When costs are incorrectly coded to PCAs incident charges are misstated. In this circumstance move up and cover costs are understated, and unallocated emergency fund charges are overstated.

Recommendations:

- The CAL FIRE Incident Finance Committee (IFC) should ensure that Finance Section Chiefs and employees responsible for coding documents are trained to differentiate between incident charges and Move Up and Cover charges and to account for them accordingly.

- In addition, we recommend that this issue be raised as a training tool at the next Statewide Incident Team Meeting.

Responsible parties that should respond: Incident Finance Committee and Fire Protection Program.

Incident Finance Committee Response:

With regard to proper coding, the difference for coding of Move Up and Cover and Emergency Fund in many situations is immaterial. A move up and cover that requires bulk food expenditures will more than likely be because the entire station and unit has been mobilized on a large fire or response incident. The backfill is performed either by another unit or a local government Schedule A personnel. To the extent that it is fire related for extended periods to require such manpower, which is practically 100 percent the case, then the move up and cover expenses including food are chargeable to the Emergency Fund.

These expenses are associated with providing the coverage maintenance while the home unit is at the fire. This chargeability is allowable for the first 30 days from the incident beginning date, and as such the coding is primarily a technical error at best and has no significant impact to changing the cost outcome, that being the expense charged to the Emergency Fund.

From an Accounting perspective, coding to 0900 for such instances is actually the more correct approach because it correctly captures the expense in the Emergency Fund. Thus we will examine the coding use to determine if Move Up and Cover should be used at all as a differentiator in such instances.

We disagree with the recommendation to the IFC for training per the finding because the effect in concern is immaterial to the protection of the Emergency Fund. The cost is an Emergency Fund expenses regardless of which PCA it is applied to. In either case, the expense is incident-related. The correct issue is more of a technical nature to make sure that it is associated with move up and cover rather than general food expense. This correct procedure can be handled appropriately through a reminder memorandum to unit and incident fiscal staff.

Fire Protection Program Response:

The Fire Protection Program did not respond to this issue.

Auditor's Note:

We are concerned with the statement that the difference for coding of Move Up and Cover and Emergency Fund in many situations is immaterial and the disagreement with our recommendation on the basis that the effect in concern is immaterial to the protection of the Emergency Fund. Clearly the PCA for Move Up and Cover was established specifically to differentiate it from other 00900 expenditures. Thus, we

concur with the proposal to examine the coding use to determine if Move Up and Cover should be used as a differentiator.

We also concur with the proposal to issue a reminder memorandum to unit and fiscal staff about the difference between Move Up and Cover and General Fund expense.

FINDING 6 – Restaurant Meal and Lodging Issues

There were numerous errors and omissions in the handling of restaurant meal and lodging invoices.

- Eight restaurant meal invoices were not accurate and/or were missing supporting documentation.
- One invoice for the Poultry Palace was for \$1,934.10, split between four different incidents over a period of 43 days. Documentation states that these meals were all "Take Out" meals. There are no detailed invoices or meal rosters. There is just a statement from the vendor.
- A credit card receipt for the purchase of "Take Out fire meals" from Ottavio's Restaurant for \$73.81 was reviewed. There was no detail of what was purchased, nor were there any meal rosters, only a total amount.
- A credit card receipt for the purchase of "Take Out fire meals" from Kip's Café for \$99.28 was reviewed. There was no detail of what was purchased, nor were there any meal rosters, only a total amount.
- A credit card receipt for the purchase of "Take Out fire meals" from Taste of Italy for \$125.47 was reviewed. There was no detail of what was purchased, nor were there any meal rosters, only a total amount. There was no documentation of the number of meals purchased, so we were not able to determine whether this cost was in conformity with meal cost limitations.
- A credit card receipt for the purchase of "Take Out fire meals" from Applebee's for \$79.10 was reviewed. There was no detail of what was purchased, nor were there any meal rosters, only a total amount. We could not verify the accuracy or appropriateness of these charges.
- A credit card receipt for the purchase of "Take Out fire meals" from TGI Friday's for \$96.84 was reviewed. There was no detail of what was purchased, nor were there any meal rosters, only a total amount.
- A credit card receipt and handwritten invoice for meals purchased from Rongbranch for the "Team Dinner" was reviewed. The sign-in sheet was not complete, and did not list request numbers or other identifying information for ten individuals listed as restaurant guests. We could not determine whether all individuals were assigned to the incident.
- An invoice for meals from Coco's totaling \$494.36 was not supported by an accurate meal roster.
- Five of the eight questionable purchases were made by the same CAL FIRE employee.

- There were two lodging invoices that were unauditable. The lodging rosters did not reconcile with the invoices. One invoice from Singing Hills Resort for \$519.90 was paid five months after the incident. The other invoice was from Comfort Inn for \$2,550.55.
- There are inadequate controls over "To Go" or "Take Out" meals and inadequate audits of CAL-Card purchases at the incident or by the approving official, and DAO.
- Purchasers do not adequately document purchases.

Criteria:

Part D of CAL FIRE Material Management Handbook Section 2677.5.9, Purchasing Commodities, requires a cardholder, while en route to or from an incident to:

...maintain all of the necessary supporting documents as outlined in the CAL-Card Handbook (Itemized charge slips and /or invoices, and log of transaction). Restaurant meals may be purchased only if the meals are for a group (such as a strike team leader purchasing meals for the team members) of 3 or more. The charge slip and/or invoice should indicate "going fire" or "going incident" and have a list of names attached of the people who were fed. If the card is used to pay for motel charges for the incident, a motel roster is still required. A group of 3 or more is required for motel purchases also.

Part D of Section 2677.5.9 also requires a cardholder, while at an incident, to:

...submit a "copy" of the itemized charge slip, credit card receipt and/or invoice, and the cardholders log to the incident finance section prior to leaving the incident. The cardholder must also indicate their name, work location, and contact phone number on the log.

Section 2677.5.10, Purchasing Services, includes the same requirements listed above.

Section 2677.5.14, Cardholder Payment Responsibilities, states: "In order to meet the separation of duties criteria, the Cardholder and the Approver cannot be the same person."

This same Section also identifies a Cardholder's responsibilities, including the following:

- Maintain a monthly file of transaction documents.
- Reconcile the monthly Statement of Account (SOA) by matching each charge on the statement to the supporting documents for that item.
- Review the package for completeness.

Section 2677.5.17, Approver Payment Responsibilities, states: "In order to meet the separation of duties criteria, the Approver and the Unit Finance cannot be the same person."

This same Section also identifies an Approver's responsibilities, including the following:

- Review each Cardholder's SOA package for:

Appropriateness - items purchased are allowable under the CAL-Card program.

Completeness - backup documents are attached and any questions are either resolved or disputed.

Purchases - merchandise does not exceed the maximum dollar limit authorized.

Totals - SOA, posting tag(s) and invoice/charge slips agree.

CALSTARS coding - is accurate and legible.

Signature of the Cardholder – first page of the SOA.

Effect:

These purchases cannot be verified as accurate or appropriate.

Recommendations:

- The CAL FIRE Business Services Office should ensure that its CAL Card training includes discussion and instructions about documenting all restaurant meal purchases with a detailed invoice.
- The Incident Finance Committee should ensure that Finance Section Chiefs and purchasers are trained to document all restaurant meal purchases with a detailed invoice.
- The Incident Finance Committee should ensure that Finance Section Chiefs and purchasers are trained on and adhere to policy and procedures for "To Go" or "Take Out" meals.
- In addition, we recommend that this issue be raised as a training tool at the next Statewide Incident Team Meeting.

Responsible parties that should respond: Business Services Office, Incident Finance Committee, and Fire Protection Program.

Business Services/Incident Finance Committee Chair Response:

CAL-Card training already included detailed steps with regards to what documentation is required to appropriately document purchasing activity. This has been documented repeatedly, and is already available to OPA since it was provided in a recent audit that

OPA performed over the CAL-Card program. The training does not need further modification. Incident Finance Committee training, when provided also goes over these procedures in detail. Again, no changes are necessary to the training material provided.

What is at issue is the extent to which meals can be examined. In 2007 the issue was first examined by the Accounting Office in the context of staying under \$21 for meals. Prior to 2007, both CAL-Card and travel claim review held a standard that meals could not exceed this amount. However, due to a grievance by Bargaining Unit 8 representatives, the issue was examined in detail by CAL FIRE's Labor Office. It was concluded, along with the Department of Personnel Administration's review, that CAL FIRE under the BU8 contract terms could not limit the meal amount or type provided to a BU8 member. Even the State Controller's Office (SCO) staff had to concede that the standing bargaining agreement language overrode such reviews.

As such, the Department Accounting Office, purchasers, and Department fiscal staff do not have authority to limit meal types on a going emergency response. What is identified is if meals exceed a common sense reasonability test (i.e. \$140 per person for example). SCO and Accounting staff are now instructed to identify such instances to Personnel who will then notify the appropriate Unit management to discipline the affected Firefighter. All other non-BU8 personnel are held to the regular state meal standards of \$6/10/18 per diem allowance per day. However, the expense itself is processed and paid, AS-IS. Documentation requirements are a restaurant receipt and meal attendance roster (sign-in sheet). The receipt should provide detail as to what items were included rather than just the summary credit card machine receipt. To the extent needed, memorandum reminders can be issued to fiscal staff to refresh this requirement.

Therefore we disagree with the finding recommendation because it does not take into account the current labor agreement practices in place with regards to the provision of food and meals to BU8 members on emergency response.

With regards to take-out meals or box lunches on fires, the meals and items are purchased in bulk based on estimated need. Those who accept a meal sign off on an associated meal roster sheet. However, there will be at times meals purchased in excess of the number of actual consumption. Thus trying to reconcile a receipt to a meal roster will in such instances not equal. In many cases it is impractical to assume that logistics staff can exactly count by estimate how many box/to-go meals will be consumed and the differential is absorbed as a minimal cost of supporting an incident.

In many of the remaining findings the concern raised is again the inability to review individual meal costs conformity with an assumed meal allowance. Again, Bargaining Unit Agreement 8 terms do not allow such review to occur with arbitrary allowance. See the explanation above.

It is not uncommon for the same CAL FIRE employee to make repeat meal purchases. This is due to the fact that purchasers are required to make multiple purchases for incident support all day long while on an incident. Those purchases can serve many

different individuals while being transacted by the same purchaser. We do not see the concern alluded to in the review on this point.

Lodging invoices frequently reflect the total cost for rooms used. The included sign-in sheets signed by CAL FIRE employees detail who used lodging at a motel for a given night, if rooms were shared, and if rooms were paid for on a going fire to hold them available for personnel that ultimately did not show up. Given that the department has under statute 75 days to pay an invoice during fire season, and given that the state and the department has realized repeated cash flow issues during fire season, it is not clear what concern is being raised regarding payment of a motel invoice 5 months after the fact.

Fire Protection Program Response:

The Fire Protection Program did not respond to this issue.

Auditor's Comments:

The point of this finding is not the extent to which meals can be examined for adherence to cost limits, as is suggested in the response. Rather, this finding is about proper documentation, or, more accurately, the lack of it.

The response provided acknowledges that documentation requirements are a restaurant receipt and a meal attendance roster (sign-in sheet). The response further acknowledges that the meal receipt should provide detail as to what items were included rather than just the summary credit card receipt. These are precisely the elements that are missing from our findings.

All of the eight restaurant meals cited lacked any of the documentation described above. There was no way to tell how many people ate the meals, much less whether those who did eat the meals were BU 8, BU 4, or any other represented employees.

Thus, we stand by our recommendation and encourage the issuance of reminders to fiscal staff about meal documentation requirements.

Regarding take-out meals, we understand and recognize the assertion in the response that there will be times when more meals are purchased than are actually consumed, and we do not dispute this. Here again, the point of the finding is the lack of documentation, not the inability to review individual meal costs for conformity with an assumed allowance. Without the proper documentation, it is impossible to know for how many people these meals were purchased, much less the classification or bargaining unit of these people. Thus, we also stand by our recommendation and encourage additional training on proper documentation of take-out meals.

The finding about five of eight questionable purchases being made by the same CAL FIRE employee points once again to an issue of training on proper documentation. We are not questioning the ability or appropriateness of one person making multiple purchases. Rather, and perhaps we were not clear enough on this point, the fact that

the purchaser made the same mistake five times demonstrates that he or she either did not know or ignored the rules on documentation, which, in our minds, points to a need for training.

Finally, the concern raised regarding lodging invoices is once again one of documentation, or the lack of it. In one of the two instances cited, there was no sign-in sheet; in the other case, the sign-in sheet did not reconcile to the invoice from the hotel. And so, again, we emphasize the need for additional training on proper documentation.

FINDING 7 – Overtime Hours Issues

- Of the 208 FC-33s reviewed, 50 had variances greater than five hours between the FC-33 and overtime paid.
- Of the 50, there were 14 instances in which the FC-33 hours exceeded overtime pay by more than five hours.
- Of the 50, there were 36 instances in which overtime paid exceeded FC-33 overtime hours by more than 5 hours.
- Although there is a requirement to provide an amended FC-33 whenever there is a variance greater than two hours between the FC-33 and the actual time on the incident as posted on the CAL FIRE-681, it has been our observation that the requirement often is not followed. This fact has been reported numerous times in other audit reports.

Criteria:

CAL FIRE Incident Fiscal Management Handbook, Section 3831.2.7, Correction of FC-33 for Incorrect Hours, states:

Whenever there is any variance greater than two (2) hours between the FC-33 and the actual time on the incident as posted on the CDF-681 or FC-77, an amended FC-33 must be submitted by the company officer/overhead/support staff to the incident unit ECC by the end of the next home shift. The reason for the variance should be given in the Remarks block of the FC-33 and the amended copy block should be checked.

CAL FIRE Incident Fiscal Management Handbook, Section 3831.2.8, Employee's Responsibility for Accurate Posting of Emergency Fund Overtime on the Timeslip (CAL FIRE-681), states: "The employee is responsible for correctly posting Emergency Fund overtime from the FC-33 to the time slip."

CAL FIRE Incident Fiscal Management Handbook, Section 3831.2.9, Responsibility of Immediate Supervisor, states:

The immediate supervisor of the person whose time is recorded on the FC-33 is responsible for verifying that the order number, date, and times recorded on the time slip and on the FC-33 are consistent. The immediate supervisor is also responsible for ensuring that the home base (yellow) copy of the FC-33 is filed. The home base is responsible for maintaining the FC-33 files according to the filing standards and retention period established below.

CAL FIRE Incident Fiscal Management Handbook, Section 3831.2.10, Home Copy of FC-33 Subject to Audit, states:

The home copy of the FC-33 must be maintained in a file format, which allows FC-33s to be easily pulled and compared with employee timesheets. Battalion and camp Division Chiefs are responsible for conducting periodic reviews of the FC-33s against the timesheets to assure that Emergency Fund overtime is consistent between the two documents and coded with the correct order number. Every home base's files will be audited at least annually.

Effect:

The billing package may not reflect actual hours.

Recommendations:

- The Incident Finance Committee should ensure that Finance Section Chiefs understand and follow current policy and procedures regarding amending FC-33s.
- The Incident Finance Committee should ensure that Finance Section Chiefs are trained to reconcile FC-33s to timesheets and that Unit reviews described in Incident Fiscal Management Handbook, Section 3831.2.10, are taking place as required.
- In addition, we recommend that this issue be raised as a training tool at the next Statewide Incident Team Meeting.

Responsible parties that should respond: Incident Finance Committee and Fire Protection Program.

Incident Finance Committee Response:

Incident Finance training and personnel rules have been very specific with regards to timekeeping requirements. Repeated guideline memorandum have been issued detailing these requirements.

However, enforcement of this issue under a decentralized department is the jurisdiction of the Unit and Region affected by the particular FC-33 issue. Therefore, we defer to those branches to address performance discrepancies with required protocol.

We do note that as part of joint project with the Department Information Technology Branch, Accounting, and Fire Protection, FC-33 forms will begin to go on electronic format and will be linked with E-Pay. It has been statistically concluded the electronic FC-33 system, or eFC-33, will eliminate many of the errors noted in this finding. Once the linkup with ePay is established, much of the remaining errors will be eliminated as well. This is due to the fact that the eFC-33 eliminates much of the paper human error as it aligns reporting with actual incident information. When cross-referenced with duty

week information contained in ePay, the remaining data input will be forced to align itself with correct work hours without many of the problems that currently occur with the paper format.

Fire Protection Program Response:

The Fire Protection Program did not respond to this issue.

Auditor's Comments:

We recognize the difficulty in enforcing timekeeping requirements in a decentralized department, and we agree that individual units and regions have a responsibility to enforce these requirements. At the same time, we acknowledge that in an organization such as CAL FIRE, where chain of command is a critical element, enforcement starts from the top, and we encourage the continued issuance of reminders detailing timekeeping requirements.

We also note the advent of the eFC-33 form and share in the anticipation that the use of this electronic form and the system that supports it will eliminate many of the errors noted in this finding.